

GOVERNMENT OF TELANGANA
ABSTRACT

RWS&S- Telangana Drinking Water Supply Project (Mission Bhagiratha) - Telangana Drinking Water Supply Corporation borrowing Term Loan-II of Rs.635.00 crores as Andhra Bank share in the consortium of Nationalized commercial banks for implementation of Asifabad segment with an estimated Project Cost of Rs.1887.00 Crores - Permission – Accorded- Orders- Issued.

PANCHAYAT RAJ AND RURAL DEVELOPMENT (RWS-IV) DEPARTMENT

G.O.RT.No. 942

Dated: 18-11-2016

Read the following:-

- 1.G.O.Ms.No.17, PR&RD (RWS) Dept., dt.30.1.2015 & G.O.Ms.No.43, PR&RD (RWS-IV) Dept., dt.15.05.2015.
- 2.From Deputy General Manager, Andhra Bank , Specialized Corporate Financial Branch, Hyderabad Lr 1006/01/TDWSCL/S-785/2016-17 dt.25.10.2016
- 3.From the ENC, RWS&S, Hyd., Lr A2/TDWSP/1062/2016 dt.7.11.2016

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ORDER:-

In G.O. 1st read above, orders have been issued constituting the Telangana Drinking Water Supply Corporation (TDWSC) to execute and maintain the Telangana Drinking Water Supply Project (Mission Bhagiratha).

2. In the reference 2nd read above, Andhra Bank, Hyderabad, has agreed to be the lead bank of consortium of Nationalized commercial banks for sanction of term loan-II of Rs.1510.00 crores (80% of Project cost of Rs.1887.00 Crores (including IDC)) to Telangana Drinking Water Supply Corporation for implementation of the segment of Asifabad (Sirpur-T, Bellampally and Khanapur (2 Madals) Assembly Constituencies of Adilabad District) under Mission Bhagiratha. Andhra Bank has sanctioned a Term Loan-II of Rs.635.00 crores as its share in the total loan of Rs.1510.00 crores. Andhra Bank while enclosing terms and conditions have informed that 20% margin money i.e., Rs.158.00 crores against its share of the loan, has to be borne by the State Government. They have also requested the Managing Director, Telangana Drinking Water Supply Corporation to give acceptance for the terms and conditions set out in the reference 2nd read above.

3. In the reference 3rd read above, the Engineer-in-Chief, Rural Water Supply & Sanitation, Hyderabad has stated that the proposals were submitted to Andhra Bank Consortium of Nationalized Commercial Banks for implementation of the segment of Asifabad, Sirpur-T, Bellampally and Khanapur (2 Mandals) Assembly Constituencies of Adilabad District under Mission Bhagiratha for sanction of Term Loan-II for Rs.635.00 crores out of the total project cost of Rs.1887.00 crores. He has also stated that the Andhra Bank, Hyderabad has forwarded the loan sanction letter for term.II for implementation of the above segment under Mission Bhagiratha, for an amount of Rs.635.00 cores as its share in the consortium along with terms and conditions for acceptance of the competent authority. Therefore, he has requested the Govt., to provide concurrence/approval for the terms and conditions of loan sanctioned for the above segment and to issue necessary orders on the required documents to be provided by the Govt., in order to execute the loan agreement with the Andhra Bank.

4. Government after careful consideration of the matter, hereby accord permission to the Managing Director, Telangana Drinking Water Supply Corporation to borrow the loan amount of Rs.635.00 Crores (Rupees Six hundred and Thirty Five crores only) from the Andhra Bank as Term Loan-II as its share against the Andhra Bank led consortium loan amount of Rs.1510.00 crores for implementation of Mission Bhagiratha (TDWSP) in the segment of Asifabad, Sirpur-T, Bellampally and Khanapur (2 Mandals) Assembly Constituencies of Adilabad District with total estimated project cost of Rs.1887.00 crores (including Interest During Construction), as per the terms and

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conditions of Andhra Bank (interest rate as Three Year MCLR + 0.55% i.e., 10% p.a (including TP) at present, at yearly reset). Govt. of Telangana will stand guarantee for repayment of loan taken from Andhra Bank covering principle & interest. The state margin money (i.e, 20% of the project cost) of Rs.158.00 crores (Rupees One hundred and Fifty Eight Crores only) will be met by the Govt. of Telangana through budgetary support.

5. The guarantee commission shall be paid at the rate of 2% consolidated for the entire guarantee period to State Government and the same shall be charged to the project cost from the savings available (if any) or project cost to be revised duly considering the guarantee commission. The TDWSCL shall remit the amount to Government to the following Head of Account: "0070 Other Administrative Services – 60. Other Services – MH 800. Other Receipts – SH 08 Commission for guarantee given by Government".

5. The Managing Director, Telangana Drinking Water Supply Corporation shall take necessary action in the matter accordingly.

6. This order issues with the concurrence of the Finance (DCM) Department vide their U.O.No.13879/192/A1/2016 dt.17.11.2016.

7. This order is available on the internet and can be accessed at the address <http://www.goir.Telangana.gov.in>.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

S.P. SINGH

SPECIAL CHIEF SECRETARY TO GOVERNMENT

To

The Managing Director, Telangana Drinking Water Supply Corporation, Hyderabad.

The Director of Treasuries and Accounts, Telangana State, Hyderabad.

The Accountant General, Telangana State, Hyderabad.

Copy to:

The PS to Additional Secretary to Hon'ble Chief Minister

The PS to Chief Secretary.

The Finance (DCM) Department.

The PS to Special Chief Secretary PR&RD (RWS)

The Engineer -in-Chief, RWS&S, Hyderabad.

The Andhra Bank, Hyderabad.

The Advisor to Govt., RWS&S

SC/SF.

//FORWARDED::BY ORDER//

SECTION OFFICER

(Contd. To ANNEXURE)

ANNEXURE to the G.O.Rt.No.942 , PR&RD(RWS.IV)Dept., Dated.18.11.2016

The terms and conditions approved by the Government:-

- 1) Waiver of CMA, internal and external credit rating.
- 2) Approval of finer rate of interest at 10.00% fixed (arrived as 1Y MCLR + 0.55%) till 01.04.2020 and reset of interest on 01.04.2020 and every year thereafter subject to condition that our rate of interest shall not be below the MCLR at any point of time and if MCLR is above 10.00% the same shall be applicable during such period.
- 3) Approval of uniform margin of 20% of proposed project cost of Rs.1887.00 Crore with D/E ratio of 4:1 against applicable D/E ratio of 3:1 with specific margin based on nature of assets.
- 4) Approval of door to door tenor of 15 years comprising implementation period of 3 years and repayment period of 12 years.
- 5) Approval of concessional upfront fee at 0.10% plus applicable service tax as against the applicable fee of 1%.
- 6) Approval for acting as the Lead Bank for the proposed project debt of Rs.1510.00 Crore and waiver of lead bank fees against applicable fees of Rs.50.00 Lakhs.
- 7) Approval for waiver of prepayment premium at 2% of the amount prepaid.
- 8) Waiver of all other charges including but not limited to documentation charges, TRA maintenance charges, annual review charges, Unit inspection charges etc. except stamp duty which should be borne by the Corporation.
- 9) Approval for waiver of penal interest for delayed payments.
- 10) Taking note of the procedure followed for making the disbursement under the existing term loan of Rs 5625.00 Crore as regards ensuring 20% margin (which shall be ensured at the time of subsequent disbursements) and for approving the same for the proposed Term Loan of Rs 1510.00 Crore. Margin of 20% shall be ensured at the time of subsequent disbursements.
- 11) Approval of the following Disbursement mechanism at the time of each disbursement for the proposed Consortium Term Finance of Rs. 1510.00 Crore.
 - a. For First Disbursement, the Corporation shall submit a request for disbursement along with expenditure estimates basing on needs of the project and the Lead bank (Andhra Bank) will circulate LCN (Lender Confirmation Notice) to all the member banks for release of 80% of the expenditure estimates.
 - b. Member Banks shall remit the disbursements to TRA a/c maintained with Andhra Bank and the same will be utilized by the corporation for project expenses.
 - c. After the payment/pass memo is issued by the Finance Department, the share of the Govt (20% margin) would be released and the Corporation shall incur the expenditure.
 - d. Certificate for the expenditure incurred out of the term loan(s) availed earlier will be issued by external agency (Auditor) and the same would be submitted by the Corporation before approaching for subsequent disbursement together with expenditure estimates. The Banks shall release 80% of the expenditure estimates to TRA.
 - e. The Corporation shall at the time of approaching for subsequent disbursements ensure that for the expenditure already incurred required margin money @20% is infused.

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- 12) Approval of the following mechanism towards Disbursements for IDC (Interest during Construction) portion for the existing Consortium Term Finance of Rs. 5625.00 Crore and also for the proposed Consortium Term Finance of Rs. 1510.00 Crore.
- a. During the construction period, all the member banks shall invariably on first day of every month inform the Lead Bank the interest debited to the account.
 - b. The Lead Bank after consolidation of interest debited from all the banks will issue a Separate LCN for disbursement of IDC component.
 - c. All the member banks after receipt of LCN for IDC will disburse the amount as per the LCN and the same will be credited to loan account with them on same day.
 - d. At the time of making subsequent disbursements for the expenditure proposed by the corporation, it shall be ensured that the overall Margin money @ 20% (including margin money for IDC disbursed earlier) is maintained.
- 13) Approval of standard operating procedure of government of Telangana i.e. Transfer of all the disbursed amounts from all the member banks to Treasury account with State Bank of Hyderabad (SBH) subject to condition that the Corporation shall re-transfer the same to TRA account maintained with on very same day.
- 14) Sanction of Term Loan-II of Rs 635.00 Crore as our share in consortium as per the terms and conditions stipulated as under:

Facility	Term loan-II (New)																			
Limit	Rs 635.00 Crore (Six Hundred and Thirty Five Crore Only) (As our share out of the total debt requirement of Rs 1510.00 Crore.)																			
Purpose	For the purpose of part financing the project cost of Rs 1887.00 Crore entailing providing safe drinking water to Komarambheem - Asifabad Segment in Adilabad District. The details of the project are as follows: <div>(Rs. In Crore)</div> <table><tr><td>S No</td><td>Component</td><td>District</td><td>Cost</td></tr><tr><td>1</td><td>Asifabad, Sirpur-T, Bellampally and Khanapur (2 mandals) Assembly Constituencies</td><td>Adilabad Dist</td><td>1650.00</td></tr><tr><td></td><td>IDC for the above segment</td><td></td><td>237.00</td></tr><tr><td></td><td>Total project cost</td><td></td><td>1887.00</td></tr></table> (*) The above estimate of IDC is subject to change based on actual drawl and Margin shall be brought in by the Corporation accordingly.				S No	Component	District	Cost	1	Asifabad, Sirpur-T, Bellampally and Khanapur (2 mandals) Assembly Constituencies	Adilabad Dist	1650.00		IDC for the above segment		237.00		Total project cost		1887.00
S No	Component	District	Cost																	
1	Asifabad, Sirpur-T, Bellampally and Khanapur (2 mandals) Assembly Constituencies	Adilabad Dist	1650.00																	
	IDC for the above segment		237.00																	
	Total project cost		1887.00																	
Primary Security	First pari-passu charge by way of Hypothecation of assets created out of term loan along with other member banks in the consortium.																			
Collateral Security	Nil																			
Guarantee	Unconditional and irrevocable guarantee of the Govt of Telangana guaranteeing the repayment of principal and interest.																			
Margin	20% on overall project cost including interest during construction.																			
Rate of Interest	10.00% fixed (arrived as 1Y MCLR + 0.55%) till 01.04.2020 and reset of interest on 01.04.2020 and every year thereafter subject to condition that our rate of interest shall not be below the MCLR at any point of time and if MCLR is above 10.00% the same shall be applicable during such period with																			

	monthly rests. Interest is to be serviced as and when debited.						
SCOD	On or before 31.03.2019.						
Repayment	To be repayable in 48 quarterly installments commencing from 30.06.2019.						
	Proposed SCOD/DCCO shall be recorded at the time of documentation based on the certificate of the Corporation.						
	(Rs. In Crore)						
	FY ending	No of quarters	% of repayment	Total Repayment		Our TL of Repayment	
				Per Qtr	Year	Per Qtr	Year
	2020	4	8	30.20	120.80	12.70	50.80
	2021	4	8	30.20	120.80	12.70	50.80
	2022	4	8	30.20	120.80	12.70	50.80
	2023	4	8	30.20	120.80	12.70	50.80
	2024	4	8	30.20	120.80	12.70	50.80
	2025	4	8	30.20	120.80	12.70	50.80
	2026	4	8	30.20	120.80	12.70	50.80
	2027	4	8	30.20	120.80	12.70	50.80
	2028	4	8	30.20	120.80	12.70	50.80
	2029	4	8	30.20	120.80	12.70	50.80
	2030	4	10	37.75	151.00	15.87	63.50
2031	4	10	37.75	151.00	15.88	63.50	
Total	48	100		1510.00		635.00	
Upfront Fee	0.10% of the limit plus applicable service tax						
Prepayment charges	Waived						
Guarantor	Unconditional and irrevocable guarantee of the Govt. of Telangana						

Specific terms and conditions:

1. State Government shall approve for the proposed borrowing of Rs.1510.00 Crore, extending Government guarantee along with approval for infusion of 20% of project cost i.e. Rs.377.40 Crore as their margin before release of limits under individual documentation.
2. Loan shall be released after ensuring infusion of margin of 20% by Corporation as their contribution from second disbursement and every disbursement thereafter.
3. The Corporation shall re-transfer disbursement amounts transferred to SBH to TRA account on the very same day of transfer. An undertaking to this effect shall be submitted by the corporation.
4. The Corporation shall submit resolution under Sec 180(1) (c) of the Companies Act, 2013 fixing its borrowal limit and certificate of Statutory Auditor shall be obtained to that effect that the proposed borrowing will be within such limit.
5. The Corporation shall submit a certificate regarding date of completion of segment before documentation and the same shall be documented as DCCO.
6. The Corporation shall undertake to service the bank loans from the project revenues.
7. The Corporation shall obtain all the statutory and non statutory clearances required for implementation of the project, including environmental clearances, approvals from Central Government agencies before disbursement.

8. The Corporation shall undertake that in the event of reduction in the project cost on account of any savings on account of duties/other taxes, price negotiations or otherwise there would be a prorata reduction in all components of the means of finance.
9. The Corporation shall undertake that in case of any cost overrun in the project cost the same would be met by the Corporation without any recourse to the project lenders.
10. Actual legal expenses incurred by the Lender for documentation, filing of charges, search report etc shall be borne by the Corporation.
11. The Corporation shall arrange for submission of Letter of commitment/Govt order from the Finance Department, Govt of Telangana for contributing to 20% of the project cost (including IDC) as margin and continue the same till the entire o/s with the Bank is cleared.
12. Submit an undertaking to the effect that the water usage for the project is and will be within the overall water allocation made to the project.
13. Submit the copy of the external credit rating certificate of the project on completion of the rating exercise.
14. The Corporation is advised to explore the possibility of appointing a Project Monitoring Agency for reviewing the project progress.
15. It is to be ensured that there are no interstate disputes that affect the progress / implementation of the project.
16. Corporation shall ensure that necessary land is acquired for smooth implementation of the project.
17. Corporation shall ensure that project designs are approved by the competent authority.
18. Corporation shall ensure that all necessary approvals including environmental clearances, approval from Central Government agencies etc., are obtained in force.
19. If the amount of Interest During Construction (IDC) increases due to difference in actual draw down schedule the same shall be met by the Corporation and if the IDC decreases, the loan amount will be reduced proportionately. An undertaking to this effect shall be submitted.
20. All the loans availed / to be availed by the corporation from Commercial Banks/FIs shall not exceed the envisaged borrowings of Rs.18106.08 Crore from Commercial Banks/FIs.
21. As and when Corporation avails loans from other Banks/FIs/Development Institutions, the same shall be informed to the consortium.

Committee Directions: The Committee directed that

1. Consortium to be called and accordingly the shares of each Bank to be allotted which is to be subsequently approved by their competent authority.
2. Funds to be released only on full tie-up and proportionate disbursement from each Bank on the sanction.

OTHER TERMS AND CONDITIONS:

Pre-disbursement Conditions:

1. The limits will be released only after the terms and conditions of the sanction are accepted/acknowledged by the borrower/Guarantors. The Corporation shall submit a undertaking from the borrower/guarantors for having accepted all terms and conditions in toto.
2. Necessary Documents as per bank guidelines shall be executed.

Enabling Conditions:

1. Consent letter from the applicants for disclosure of their names in the defaulters' list, CIBIL Data in the event of default on the part of the borrowers, as per RBI guidelines and as communicated by H.O. shall be obtained.

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2. Bank reserves its right to alter/cancel and/or modify the credit limits/loans sanctioned and/or terms and conditions stipulated without notice and without assigning any reason thereof.
3. Our Bank reserves the right to rearrange the repayment schedule and to call upon the Corporation to accelerate the payments, if the Corporation's financial position so warrants as per the opinion of the Bank.
4. The rate of interest and margins stipulated are subject to changes from time to time at the sole discretion of the Bank/as per the guidelines of Reserve Bank of India/Government of India/Indian Bankers Association etc.
5. "Any delay in repayment of the loan installments will have adverse impact on credit rating and will affect the credit history of the Borrower".
6. "Default, Fraud, Legal incompetence during the currency of the Limits, Non-Compliance of agreed terms and conditions, Non-submission of required papers for renewal of limits, Overdues in the term loans, any other Irregularities by the Borrower will enable the Bank to Recall the Loan/advance.
7. The Bank will have the right to examine at all times the Corporation's books of accounts and to have the Corporation work-sites / units inspected from time to time by Officer(s) /representative(s) of the Bank and/or qualified Auditors and/or technical experts and/or Management Consultants of the Bank's choice. Cost of such inspections shall be borne by the Corporation.
8. The Corporation will keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps proposed to be taken.

Terms & Conditions applicable to Term Loan:

a) Right to accelerate the instalments:-

In case of the commensurating cash flows are more than the projections given by the Corporation, bank has the right to accelerate the instalments.

b) Cost over-runs:

Borrower shall undertake to meet the cost over-runs if any out of their own resources.

Constituent wise – Terms & Conditions

Terms and Conditions applicable to Limited companies:

1. The Corporation shall submit all the necessary resolutions required for approaching the bank for the credit facilities and also availing the same.
2. The Corporation shall pass a resolution in EGM of share holders for borrowing above its share capital and free reserves, if any, under Sec.293 (1) (d) of the Corporation's act 1956 for applying and availing the limits to be sanctioned. Corporation to submit a resolution for availing the limits and execution of the loan documents.
3. The Corporation shall file charges with Registrar of Companies within 30 days of documentation and get the same registered.
4. During the currency of bank finance, the Corporation shall not, without bank's permission in writing –
 1. Effect any change in the Corporation's capital structure.
 2. Formulate any scheme of amalgamation.
 3. Implement any scheme of expansion or acquire fixed assets.
 4. Make investments/advances or deposit amounts with any other concern.
 5. Enter into borrowing arrangements with any bank/FI/Corporation.
 6. Undertake guarantee obligations on behalf of any other Corporation.
 7. Declare dividends for any year except out of profits relating to that year.
 8. Change in composition of Corporation's Board of Directors.

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Compliance with all existing guidelines:

- a) All Other conditions as per Banks guidelines and circulars issued from time to time are applicable.

Other terms of sanction:

1. The Corporation shall submit an undertaking that all the required dues like taxes, duties etc shall be paid as and when they fall due.
2. Any cost escalation of the project shall be borne by the Corporation and the corporation shall submit an undertaking to this effect.

S.P. SINGH
SPECIAL CHIEF SECRETARY TO GOVERNMENT

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SECTION OFFICER